



Leonard J. Call
Vice President – Law
& Director of Federal Government Affairs

Suite 1000
1120 20th Street, NW
Washington DC 20036
202-457-2120
FAX 202-457-3205

April 19, 2002

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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers and Implementation of the Local Competition Provisions in the Local Telecommunications Act of 1996, CC Docket No. 96-98

In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147

In the Matter of Performance Measurements and Standards for Interstate Special Access Services, CC Docket No. 01-321

In the Matter of Performance Measurements and Standards for Unbundled Network Elements and Interconnection, CC Docket No. 01-318

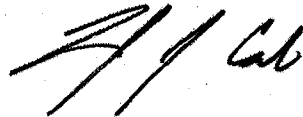
Dear Ms. Dortch:

Yesterday, James W. Cicconi, AT&T General Counsel and Executive Vice President, Robert W. Quinn, AT&T Regulatory Affairs Vice President, and I met with Commissioner Kathleen Q. Abernathy and Matthew Brill, Legal Advisor to Commissioner Abernathy. During that meeting we discussed AT&T's local service offerings and facilities, and reviewed the need of AT&T and other CLECs to access UNEs, including UNE-P, to compete in the local exchange marketplace. We also discussed the provisioning difficulties associated with unbundled loops, and reviewed AT&T's efforts in the small business market initially to serve customers through UNE-P and later to transfer large groups of customers to AT&T's switch on a "project" basis. We also noted that the availability of UNEs does not hinder facilities investment, but rather fosters investment. In addition, we reviewed how competition developed through resale and leasing in the long distance market, discussed efforts by the States to foster competition, and noted the success of UNE-P based services in States like New York. We explained that the Commission should maintain its existing national list of UNEs and urged that it not eliminate or impede access to any UNE in the future without a specific State examination and finding that the "impair" requirements of Section 251 no longer apply and that competition will not be harmed by eliminating access to the UNE in that state. Finally, we noted AT&T's concern with the pricing and provisioning of

special access services, including increasing tariffed rates and discrimination and inadequate quality and in the provisioning of special access circuits, and urged that the Commission promptly resolve the pending special access metrics proceeding. The statements made by the AT&T representatives are reflected in AT&T's written submissions in the referenced proceedings. We shared the attached materials during the course of our discussion.

I have submitted one copy of this Notice for each referenced proceeding.

Sincerely

A handwritten signature in dark ink, appearing to read "A. J. Cal". The signature is stylized with a large, sweeping "A" and a cursive "Cal".

att.

cc: Commissioner Abernathy
Matthew Brill

Experience Confirms That UNE Loops Alone Cannot Currently Support Meaningful Competitive Entry

1999 – 2000 (2 years)

2001

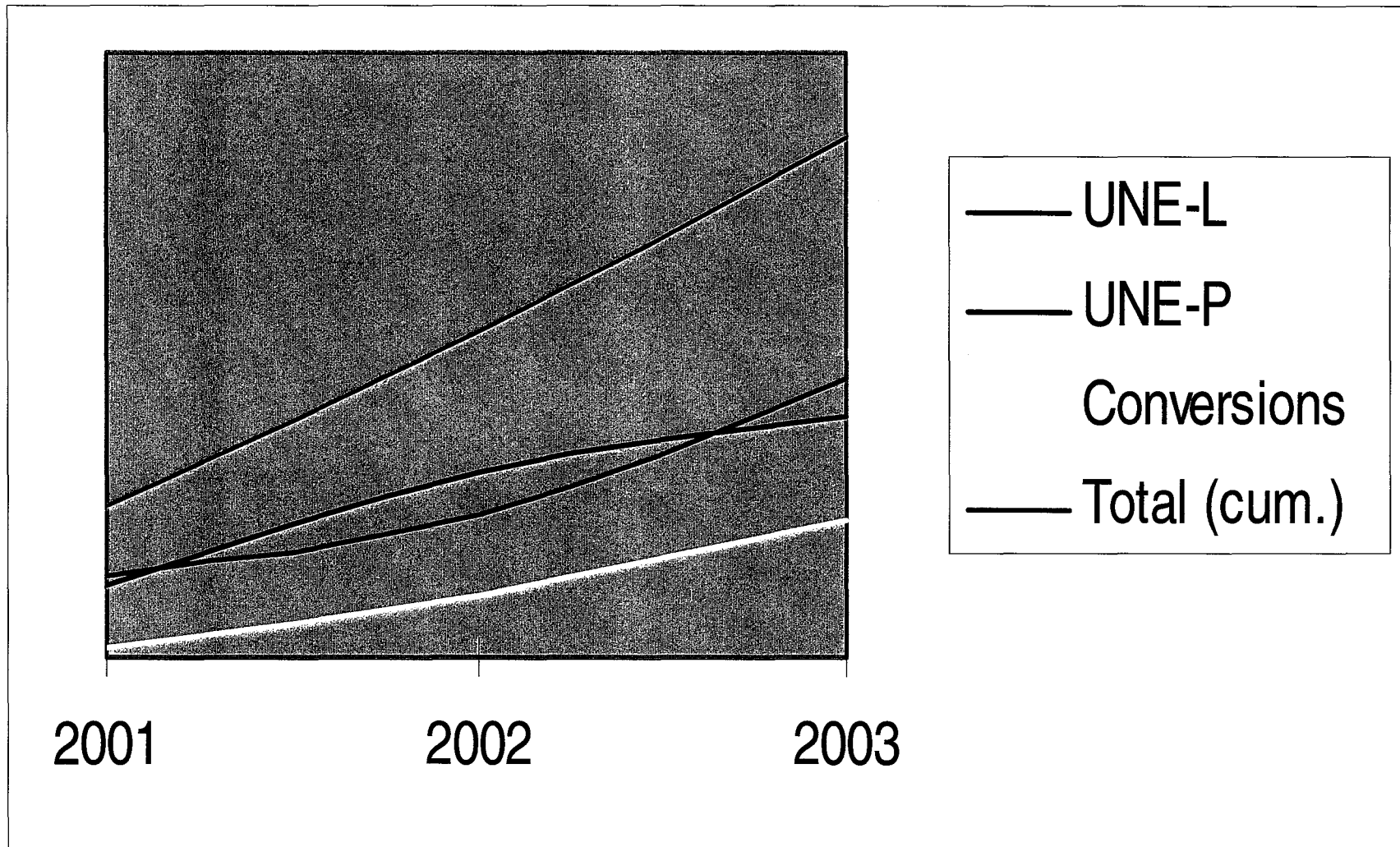
UNE-L

Strategic Shift to UNE-P for
Small Business Customer Acquisition in 20 Mkts

Service Interval (POS to Dial Tone):	45 days	21 days
Customer Cancellations Prior to Cut-Over:	54%	20%
Rate of Service Interruption:	6-9%	1-3%
Mean Time to Repair Service Interruption:	15 to 35 hours	3 to 28 hours
Trouble Tickets per order:	5-9%	.6-1.7%

After pursuing UNE-L as its exclusive means for serving small business locations, AT&T, in 2001, used UNE-P for customer acquisition, and tested the process and economics supporting bulk conversions of UNE-P to UNE-L. Though this process has been tested with only limited volumes in the small business market, the results have been sufficiently encouraging that AT&T intends to expand its use in the small business market. It is clear that the process could not support conversions in the residential mass market.

Small Business Plan, 2002 - 2003



To Foster Facilities Competition and Investment

- Retain the Existing National List of UNEs
- Remove Regulatory Restrictions on UNEs
 - use and commingling restrictions; three-line limit on UNE switching; questions concerning access to digital loop carrier loops
- Promote Software-Based Logical Loop Provisioning
 - permits the conversion of an unconstrained volume of loops while eliminating the costs, complexity, and service degradation of manual processes
 - in the interim, foster an ability to establish UNE loops and convert from UNE-P to UNE loops using a bulk conversion process:
 - mechanized loop testing to remedy loop impairments prior to conversion
 - expedited cycle times (15 days from request to conversion)
 - rates (e.g., loop, transport, conversion, and collocation) that permit competition
- Resolve the Pending Special Access Metrics Proceeding
 - implement metrics needed to identify quality deterioration and discrimination
 - establish penalties sufficient to foster nondiscriminatory quality performance